

All-Risk

National Healthcare Services, Inc.
4523 102nd Lane N.E., Kirkland, WA 98033
Phone: (425) 450-4000 Fax: (425) 822-6306

February 11, 2001

Cameron Waite
Penn Treaty Network America

VIA FACSIMILE:
610-965-0668

Re: Request for Advance per 1/11/00 Promissory Note

Dear Cameron,

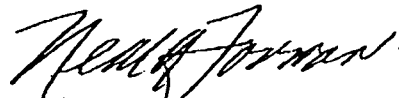
I am writing to confirm our conversation of Friday, February 9, 2001 regarding an advance of \$25,000 as provided for in the agreement dated January 11, 2000 between National Healthcare Services, Inc. and Penn Treaty Network America.

I have discussed this matter with Herb and he was equally surprised to hear of your decision not to abide by this provision of our agreement. He, like I, had heard nothing from Glen or anyone else in this regard and are unaware of any reason why Penn Treaty should take this position. Subsequent to our conversation I reviewed all of our files and can find no writing that modifies our agreement as would be required by Section 10(a) of the Promissory Note prior to such a change. As important, is the fact that the delays in the launching of this project have been due in large part to the change of entity required by Penn Treaty. As you know, N.H.S., Inc. accommodated this change to expedite the rollout.

With the recent progress in rolling out this program, N.H.S. would like to begin aggressive marketing efforts from our end and had required this line of credit as part of our original agreement for that reason. We would appreciate the immediate re-consideration of your position and the forwarding of funds as requested.

Thank you for your anticipated courtesy and cooperation.

Sincerely,



Neal A. Forman
CEO, NHS, Inc.



Confidential
PT 004545

